

AMENDMENT TO RULES COMMITTEE PRINT 116–**57****OFFERED BY MR. BANKS OF INDIANA**

At the end of subtitle E of title XVII, add the following new section:

1 **SEC. 17____. MILITARY EDUCATION SAVINGS ACCOUNTS.**

2 (a) IN GENERAL.—Title VII of the Elementary and
3 Secondary Education Act of 1965 (20 U.S.C. 7701 et
4 seq.) is amended by inserting after section 7012 the fol-
5 lowing:

6 **“SEC. 7012A. MILITARY EDUCATION SAVINGS ACCOUNTS.**

7 “(a) IN GENERAL.—The Secretary of Education, in
8 consultation with the Secretary of Defense, shall carry out
9 a program under which the Secretary of Education shall—

10 “(1) at the request of a parent of an eligible
11 military dependent child, establish an account on be-
12 half of such child (to be known as a ‘Military Edu-
13 cation Savings Account’) into which the Secretary
14 shall deposit funds in an amount determined under
15 subsection (d); and

16 “(2) establish a procedure under which the par-
17 ent of the child may use funds in the account to pay

1 for the educational expenses of the child in accord-
2 ance with this section.

3 “(b) APPLICATION.—

4 “(1) IN GENERAL.—To be eligible to participate
5 in the program under this section for a school year,
6 a parent of an eligible military dependent child shall
7 submit an application to the Secretary in accordance
8 with this subsection.

9 “(2) APPLICATION PROCESS.—In carrying out
10 paragraph (1), the Secretary shall—

11 “(A) accept applications on a year-round
12 basis and establish procedures for approving
13 applications in an expeditious manner; and

14 “(B) create a standardized form that par-
15 ents can use to apply for the program and en-
16 sure that such form is readily available in writ-
17 ten and electronic formats, including on a pub-
18 licly accessible website.

19 “(3) APPROVAL.—Subject to the availability of
20 funds to carry out this section, the Secretary shall
21 approve the application of a parent to establish a
22 Military Education Savings Account if—

23 “(A) the application is submitted in ac-
24 cordance with the application process estab-

1 lished by the Secretary pursuant to this sub-
2 section;

3 “(B) the application demonstrates that the
4 child on whose behalf the Military Education
5 Savings Account is to be established is an eligi-
6 ble military dependent child; and

7 “(C) the parent who submits the applica-
8 tion enters into a written agreement with the
9 Secretary under which the parent agrees—

10 “(i) to provide the child with instruc-
11 tion in, at minimum, the fields of reading,
12 language, mathematics, science, and social
13 studies;

14 “(ii) to not enroll the child in a public
15 elementary school or a public secondary
16 school, on a full-time basis while partici-
17 pating in the program;

18 “(iii) to use funds in the Military
19 Education Savings Account only for the
20 purposes authorized under this section;
21 and

22 “(iv) to comply with all other require-
23 ments of this section.

24 “(4) RENEWALS.—The Secretary shall establish
25 a process for the automatic renewal of a previously

1 established Military Education Savings Account ex-
2 cept in cases in which—

3 “(A) the parents of the child on whose be-
4 half the account was established choose not to
5 renew the account; or

6 “(B) the account was used to commit
7 fraud or was otherwise not used in accordance
8 with the requirements of this section.

9 “(c) PRIORITY IN THE EVENT OF INSUFFICIENT
10 FUNDS.—

11 “(1) IN GENERAL.—If the funds appropriated
12 to carry out this section are insufficient to enable
13 the Secretary to establish and fully fund a Military
14 Education Savings Account for each eligible child
15 whose parent has an application approved under
16 subsection (b) for a school year, the Secretary
17 shall—

18 “(A) first renew and fully fund previously
19 established Military Education Savings Ac-
20 counts; and

21 “(B) if funds remain available after renew-
22 ing all accounts under subparagraph (A), con-
23 duct the lottery described in paragraph (3) to
24 select the children on whose behalf accounts will
25 be established using the remaining funds.

1 “(2) TRANSFER AUTHORITY.—Notwithstanding
2 any other provision of law, the Secretary may trans-
3 fer amounts from any account of the Department of
4 Education to renew and fully fund previously estab-
5 lished Military Education Savings Accounts under
6 paragraph (1)(A). The authority to transfer
7 amounts under the preceding sentence shall not be
8 subject to any transfer or reprogramming require-
9 ments under any other provision of law.

10 “(3) LOTTERY.—The lottery described in this
11 paragraph is a lottery in which—

12 “(A) siblings of children on whose behalf
13 Military Education Savings Accounts have pre-
14 viously been established have the highest prob-
15 ability of selection;

16 “(B) children of enlisted members have the
17 next-highest probability of selection after the
18 children described in subparagraph (A);

19 “(C) children of warrant officers have the
20 next-highest probability of selection after the
21 children described in subparagraph (B); and

22 “(D) children of commissioned officers
23 have the lowest probability of selection.

24 “(d) AMOUNT OF DEPOSITS.—

1 “(1) FIRST YEAR OF PROGRAM.—The amount
2 of funds deposited into each Military Education Sav-
3 ings Account for the first school year for which such
4 accounts are established under this section shall be
5 \$6,000 for each eligible military dependant child
6 covered by the account.

7 “(2) SUBSEQUENT YEARS.—The amount of
8 funds deposited into each Military Education Sav-
9 ings Account for any school year after the year de-
10 scribed in paragraph (1), shall be the amount deter-
11 mined under this subsection for the previous school
12 year increased by a percentage equal to the percent-
13 age increase in the Chained Consumer Price Index
14 for All Urban Consumers (as published by the Bu-
15 reau of Labor Statistics of the Department of
16 Labor) over the period of such previous school year.

17 “(e) USE OF FUNDS.—Funds deposited into a Mili-
18 tary Education Savings Account for a school year may be
19 used by the parent of an eligible military dependent child
20 to make payments to a qualified educational service pro-
21 vider that is approved by the Secretary under subsection
22 (f)(1) for—

23 “(1) costs of attendance at a private elementary
24 school or secondary school recognized by the State,

1 which may include a private school that has a reli-
2 gious mission;

3 “(2) private online learning programs;

4 “(3) private tutoring;

5 “(4) services provided by a public elementary
6 school or secondary school attended by the child on
7 a less than full-time basis, including individual class-
8 es and extracurricular activities and programs;

9 “(5) textbooks, curriculum programs, or other
10 instructional materials, including any supplemental
11 materials required by a curriculum program, private
12 school, private online learning program, or a public
13 school, or any parent directed curriculum associated
14 with K–12 education;

15 “(6) computer hardware or other technological
16 devices that are used to help meet a student’s edu-
17 cational needs, except that such hardware or devices
18 may not be purchased by a parent more than once
19 in an 18-month period;

20 “(7) educational software and applications;

21 “(8) uniforms purchased from or through a pri-
22 vate school recognized by the State;

23 “(9) fees for nationally standardized assessment
24 exams, advanced placement exams, any exams re-

1 lated to college or university admission, or tuition or
2 fees for preparatory courses for such exams;

3 “(10) fees for summer education programs and
4 specialized after-school education programs (but not
5 including after-school childcare);

6 “(11) educational services and therapies, in-
7 cluding occupational, behavioral, physical, speech-
8 language, and audiology therapies;

9 “(12) fees for transportation paid to a fee-for-
10 service transportation provider for the student to
11 travel to and from the facilities of a qualified edu-
12 cational service provider;

13 “(13) costs of attendance at an institution of
14 higher education;

15 “(14) costs associated with an apprenticeship or
16 other vocational training program;

17 “(15) fees for state-recognized industry certifi-
18 cation exams, and tuition or fees for preparatory
19 courses for such exams;

20 “(16) contributions to a college savings ac-
21 count, which may include contributions to a qualified
22 tuition program (as defined in section 529(b)(1)(A)
23 of the Internal Revenue Code of 1986) or other pre-
24 paid tuition plan offered by a State; or

1 “(17) any other educational expenses approved
2 by the Secretary.

3 “(f) REQUIREMENTS FOR QUALIFIED EDUCATIONAL
4 SERVICE PROVIDERS.—

5 “(1) REGISTRATION AND APPROVAL.—The Sec-
6 retary shall establish and maintain a registry of
7 qualified educational service providers that are ap-
8 proved to receive payments from a Military Edu-
9 cation Savings Account. The Secretary shall approve
10 a qualified educational service provider to receive
11 such payments if the provider demonstrates to the
12 Secretary that it is licensed in the State in which it
13 operates to provide one or more of the services for
14 which funds may be expended under subsection (e).

15 “(2) PARTICIPATION IN ONLINE MARKET-
16 PLACE.—As a condition of receiving funds from a
17 Military Education Savings Account, a qualified edu-
18 cational service provider shall make its services
19 available for purchase through the online market-
20 place described in subsection (g).

21 “(3) SURETY BOND.—

22 “(A) IN GENERAL.—The Secretary shall
23 require each qualified educational service pro-
24 vider that receives \$100,000 or more in funds
25 from Military Education Savings Accounts in a

1 school year to post a surety bond, in an amount
2 determined by the Secretary, for such school
3 year.

4 “(B) RETENTION.—The Secretary shall
5 prescribe the circumstances under which a sur-
6 ety bond under subparagraph (A) may be re-
7 tained by the Secretary.

8 “(g) ONLINE MARKETPLACE.—

9 “(1) IN GENERAL.—The Secretary shall seek to
10 enter into a contract with a private-sector entity
11 under which the entity shall—

12 “(A) establish and operate an online mar-
13 ketplace that enables the holder of a Military
14 Education Savings Account to make direct pur-
15 chases from qualified educational service pro-
16 viders using funds from such account;

17 “(B) ensure that each qualified educational
18 service provider on the registry maintained by
19 the Secretary under subsection (f)(1) has made
20 its services available for purchase through the
21 online marketplace;

22 “(C) ensure that all purchases made
23 through the online marketplace are for services
24 that are allowable uses of funds under sub-
25 section (e); and

1 “(D) develop and make available a stand-
2 ardized expense report form, in electronic and
3 hard copy formats, to be used by parents for re-
4 porting expenses in accordance with subsection
5 (h)(3).

6 “(2) RULE OF CONSTRUCTION.—Nothing in
7 this subsection shall be construed to require the
8 holder of a Military Education Savings Account to
9 make purchases using the online marketplace de-
10 scribed in paragraph (1).

11 “(h) TRANSFER SCHEDULE.—

12 “(1) IN GENERAL.—Subject to paragraph (2),
13 the Secretary shall make quarterly transfers of the
14 amount calculated pursuant to subsection (d) for de-
15 posit into the account of each qualified student, ex-
16 cept that the Secretary may make transfers accord-
17 ing to another transfer schedule if the Secretary de-
18 termines that a transfer schedule other than quar-
19 terly transfers is necessary for the operation of the
20 education savings account.

21 “(2) CHOICE OF SCHEDULE.—The Secretary
22 shall establish a process under which the parent of
23 a child on whose behalf a Military Education Sav-
24 ings Account is established may choose a transfer

1 schedule other than a transfer schedule determined
2 under paragraph (1).

3 “(3) EXPENSE REPORTS.—

4 “(A) SUBMISSION REQUIRED.—Before re-
5 ceiving a transfer under paragraph (1) or (2),
6 the parent of a student on whose behalf a Mili-
7 tary Education Savings Account is established
8 shall submit to the Secretary an expense report
9 demonstrating how funds from the most recent
10 transfer were expended.

11 “(B) FORMAT.—Each such expense report
12 shall be submitted using the standardized ex-
13 pense report form developed under subsection
14 (g)(1)(D).

15 “(i) ROLLOVER.—Amounts remaining
16 in the Military Education Savings Account
17 of a student at the end of a school year
18 shall remain available for use in accord-
19 ance with subsection (e) until the date on
20 which such account terminates under sub-
21 section (j).

22 “(j) TERMINATION AND RETURN OF FUNDS.—

23 “(1) TERMINATION.—The Military Education
24 Savings Account of a student shall terminate on—

1 “(A) the date on which the student enrolls
2 in a public elementary school or secondary
3 school on a full-time basis;

4 “(B) in the case of a student who is pur-
5 suing postsecondary education, the earlier of—

6 “(i) the date on which the student
7 completes postsecondary education; or

8 “(ii) the date on which the student at-
9 tains the age of 22 years;

10 “(C) in the case of a student who is an in-
11 dividual with a disability, the date on which the
12 student attains the age of 26 years; or

13 “(D) in the case of an individual not de-
14 scribed in subparagraphs (B) or (C), the earlier
15 of—

16 “(i) the date on which the student at-
17 tains the age of 22 years; or

18 “(ii) the expiration of any 2-year pe-
19 riod during which funds in the account are
20 not used in accordance with this section.

21 “(2) RETURN OF FUNDS.—Any funds remain-
22 ing in a Military Education Savings Account on the
23 date such account terminates under paragraph (1)
24 shall be returned to the Treasury of the United

1 States and shall be used to carry out the program
2 under this section.

3 “(k) COMPULSORY ATTENDANCE REQUIREMENTS.—

4 A State that receives funds under this title shall consider
5 a child with a Military Education Savings Account for a
6 school year as meeting the State’s compulsory school at-
7 tendance requirements for such school year.

8 “(l) SPECIAL RULE.—In the case of a child with a
9 Military Education Savings Account who attends a public
10 school on a less than full-time basis in a school year—

11 “(1) the child may not attend the public school
12 free of charge; and

13 “(2) funds in the account, in an amount deter-
14 mined pursuant to an agreement between the parent
15 of the child and the local educational agency con-
16 cerned, shall be used to pay for the child’s costs of
17 attendance at such school.

18 “(m) TAX TREATMENT OF ACCOUNTS.—

19 “(1) IN GENERAL.—A Military Education Sav-
20 ings Account is exempt from taxation under subtitle
21 A of the Internal Revenue Code of 1986.

22 “(2) CONTRIBUTIONS AND DISTRIBUTIONS.—
23 For purposes of such subtitle—

24 “(A) any contribution to a military edu-
25 cation savings account by the Secretary under

1 this Act shall not be includible in the gross in-
2 come of the individual for whose benefit such
3 account is maintained or the parent of such in-
4 dividual; and

5 “(B) any distribution from a military edu-
6 cation savings account which is permitted under
7 this Act shall not be includible in the gross in-
8 come of the individual for whose benefit such
9 account is maintained or the parent of such in-
10 dividual.

11 “(n) FRAUD PREVENTION AND REPORTING.—The
12 Secretary shall establish a website and a telephone hotline
13 that enable individuals to anonymously report suspected
14 fraud in the program under this section. The Secretary
15 also shall conduct or contract for random, quarterly, or
16 annual audits of accounts as needed to ensure compliance
17 with this section.

18 “(o) CONTRACT AUTHORITY.—The Secretary may
19 enter into one or more contracts for the purpose of car-
20 rying out the responsibilities of the Secretary under this
21 section.

22 “(p) REFUNDS.—The Secretary shall establish a
23 process under which payments from a Military Education
24 Savings Accounts to a qualified educational service pro-

1 vider shall be refunded to the account in the event of fraud
2 or nonperformance by the provider.

3 “(q) RULES OF CONSTRUCTION.—

4 “(1) NONAGENCY.—A qualified educational
5 service provider that receives a payment from a Mili-
6 tary Education Savings Account pursuant to this
7 section shall not be considered an agent of the State
8 or the Federal Government solely because the pro-
9 vider received such payment.

10 “(2) FEDERAL OR STATE SUPERVISION.—Noth-
11 ing in this section shall be construed to allow any
12 agency of a State or the Federal Government to ex-
13 ercise control or supervision over any qualified edu-
14 cational service provider.

15 “(3) IMPOSITION OF ADDITIONAL REQUIRE-
16 MENTS.—No Federal requirements shall apply to a
17 qualified educational service provider other than the
18 requirements specifically set forth in this section.
19 Nothing in this section shall be construed to require
20 a qualified educational service provider to alter its
21 creed, practices, admissions policy, or curriculum in
22 order to be eligible to receive payments from a Mili-
23 tary Education Savings Account.

24 “(4) TREATMENT OF ASSISTANCE.—For pur-
25 poses of any Federal law, assistance provided under

1 this section shall be considered assistance to the
2 military dependent student or to the parents of a
3 student on whose behalf a Military Education Sav-
4 ings Account is established and shall not be consid-
5 ered assistance to the qualified educational service
6 provider that uses or receives funds from a Military
7 Education Savings Account.

8 “(r) LEGAL PROCEEDINGS.—

9 “(1) BURDEN.—In any legal proceeding in
10 which a qualified educational service provider chal-
11 lenges a requirement imposed by the Department of
12 Education on the provider, the Department shall
13 have the burden of establishing that the requirement
14 is necessary and does not impose any undue burden
15 on the provider.

16 “(2) LIMITATION ON LIABILITY.—

17 “(A) IN GENERAL.—No liability shall arise
18 on the part of an entity described in subpara-
19 graph (B) solely because such entity awards,
20 uses, or receives funds from a Military Edu-
21 cation Savings Account.

22 “(B) ENTITY DESCRIBED.—The entities
23 described in this subparagraph are the fol-
24 lowing:

25 “(i) The Department of Education.

1 “(ii) An entity that enters into a con-
2 tract with the Secretary pursuant to sub-
3 section (g) or subsection (o).

4 “(iii) A qualified educational service
5 provider.

6 “(3) INTERVENTION.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), a parent of an eligible mili-
9 tary dependent student or a parent of a student
10 on whose behalf a Military Education Savings
11 Account is established may intervene in any
12 legal proceeding in which the constitutionality
13 of the program under this section is challenged
14 under a State constitution or the Federal con-
15 stitution.

16 “(B) EXCEPTION.—For purposes of judi-
17 cial administration, a court may—

18 “(i) limit the number of parents al-
19 lowed to intervene in a proceeding under
20 subparagraph (A); or

21 “(ii) require all parents who have in-
22 tervened in a proceeding under subpara-
23 graph (A) to file a joint brief, except that
24 no parent shall be required to join any

1 brief filed on behalf of a State that is a de-
2 fendant in the proceeding.

3 “(s) ADMINISTRATIVE EXPENSES.—The Secretary
4 may use not more than 5 percent of the funds made avail-
5 able to carry out this section for the direct costs of admin-
6 istering Military Education Savings Accounts.

7 “(t) DEFINITIONS.—In this section:

8 “(1) The terms ‘commissioned officer’, ‘enlisted
9 member’, and ‘warrant officer’ have the meanings
10 given those terms in section 101(b) of title 10,
11 United States Code.

12 “(2) The term ‘eligible military dependent child’
13 means a child who—

14 “(A) has a parent on active duty in the
15 uniformed services (as that term is defined in
16 section 101 of title 37, United States Code, ex-
17 cept that such term does not include an officer
18 in the National Guard who has been activated);
19 and

20 “(B) in the case of a child seeking to es-
21 tablish a Military Education Savings account
22 for the first time, was enrolled in a public ele-
23 mentary school or a public secondary school for
24 not less than 100 consecutive days in the pre-
25 ceding school year.

1 “(3) The term ‘institution of higher education’
2 has the meaning given the term in section 102 of the
3 Higher Education Act of 1965 (20 U.S.C. 1002).

4 “(4) The term ‘qualified educational service
5 provider’ means an entity or person that is licensed
6 by a State to provide one or more of the educational
7 services for which funds may be expended under
8 subsection (e), including—

9 “(A) a private school;

10 “(B) a non-public online learning program
11 or course provider;

12 “(C) a State institution of higher edu-
13 cation, which may include a community college
14 or a technical college;

15 “(D) a public school;

16 “(E) a private tutor or entity that operates
17 a tutoring facility;

18 “(F) a provider of educational materials or
19 curriculum;

20 “(G) a provider of education-related thera-
21 pies or services; or

22 “(H) any other provider of educational
23 services licensed by a State to provide such
24 services.”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
2 7014 of the Elementary and Secondary Education Act of
3 1965 is amended by adding at the end the following:

4 “(f) MILITARY EDUCATION SAVINGS ACCOUNTS.—
5 For the purpose of carrying out section 7012A—

6 “(1) there are authorized to be appropriated
7 \$1,200,000,000 for fiscal year 2021; and

8 “(2) for each fiscal year beginning after fiscal
9 year 2021, the amount authorized to be appro-
10 priated shall be the amount authorized to be appro-
11 priated for the previous fiscal year increased by the
12 percentage increase in the Chained Consumer Price
13 Index for All Urban Consumers (as published by the
14 Bureau of Labor Statistics of the Department of
15 Labor) over the period of such previous fiscal year.”.

